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and Negev Investments, LLC

9
10 **UNITED STATES BANKRUPTCY COURT**

11 **CENTRAL DISTRICT OF CALIFORNIA – LOS ANGELES DIVISION**

12 In re:

13 SEATON INVESTMENTS, LLC, *et al.*,

14
15 Debtors and Debtors in
16 Possession.

17 Lead Case No. 2:24-bk-12079-VZ

18 Jointly Administered with Case Nos.:
19 2:24-bk-12080-VZ; 2:24-bk-12081-VZ;
20 2:24-bk-12082-VZ; 2:24-bk-12091-VZ;
21 2:24-bk-12074-VZ; 2:24-bk-12075-VZ
22 and 2:24-bk-12076-VZ

23 Chapter 11

24 Affects All Debtors.
 Affects Seaton Investments, LLC (*Dismissed*)
 Affects Colyton Investments, LLC (*Dismissed*)
 Affects Broadway Avenue Investments, LLC
 Affects SLA Investments, LLC
 Affects Negev Investments, LLC
 Affects Alan Gomperts
 Affects Daniel Halevy
 Affects Susan Halevy

25 **MOTION TO APPROVE
SETTLEMENT AGREEMENT WITH
ARCHWAY BROADWAY LOAN
SPE, LLC UNDER RULE 9019 OF
THE FEDERAL RULES OF
BANKRUPTCY PROCEDURE;
DECLARATIONS OF ALAN D.
GOMPERTS AND DERRICK
TALERICO IN SUPPORT THEREOF**

26 Hearing:

27 Date: August 19, 2025
Time: 11:00 a.m.
Courtroom: 1368
255 E. Temple Street
28 Los Angeles, CA 90012

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1 Broadway Avenue Investments, LLC (“Broadway”), SLA Investments, LLC (“SLA”), Negev
2 Investments, LLC (“Negev,” together with Broadway and SLA, the “Corporate Debtors”), Susan
3 Halevy (“Susan” or “Susan Halevy”), Daniel Halevy (“Daniel” or “Daniel Halevy”), and Alan
4 Gomperts (“Alan” or “Alan Gomperts,” together with Susan and Daniel, the “Individual Debtors,”
5 and the Individual Debtors, collectively with the Corporate Debtors, the “Debtors”), the debtors and
6 debtors-in-possession in the pending jointly administered chapter 11 bankruptcy cases herein (the
7 “Cases”), hereby submit this *Motion to Approve Settlement Agreement and Supporting Documents*
8 *with Archway Broadway Loan SPE, LLC* (“Motion”) pursuant to Federal Rule of Bankruptcy
9 Procedure (“FRBP”) 9019.

10 **I. STATEMENT OF FACTS**

11 **A. Jurisdiction and Venue**

12 The Court has jurisdiction to consider the Motion pursuant to 28 U.S.C. §§ 157 and 1334. This
13 matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2)(A), (M), and (O). Venue is proper
14 before the Court pursuant to 28 U.S.C. §§ 1408 and 1409.

15 **B. Background and Current Status**

16 **1. Debtors’ Business**

17 The Individual Debtors are family and operate a family business together. Debtor Susan
18 Halevy is mother to debtor Daniel Halevy and three other non-debtor children, including Sharon
19 Gomperts, wife of debtor Alan Gomperts.

20 Before these Cases were filed, Susan’s husband, David Halevy (deceased), together with
21 Daniel and Alan, and on occasion non-debtor Simon Harkham, invested in and operated real estate
22 properties. Upon David Halevy’s passing in 2023, his interests, to the extent they were not community
23 property, passed to Susan via the Halevy Trust (defined below). As such, Susan Halevy is now the
24 owner – direct, beneficial, equitable, or otherwise – of all interests in the various Debtors previously
25 owned by David Halevy.

26 **2. Bankruptcy Filing**

27 On March 18, 2024 (the “Individual Petition Date”) and on March 19, 2024 (the “Corporate
28 Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of the

1 Bankruptcy Code with the Court. The Debtors continue to operate and manage their affairs as debtors
2 and debtors-in-possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. No party
3 has requested the appointment of a trustee or examiner and no committee has been appointed or
4 designated in the Cases.

5 These Cases involved two real estate investments that required a restructuring to address
6 defaults on their senior loans: (1) the buildings at 440 Seaton Street, Los Angeles, CA, 90013 (the
7 “Seaton Building”), and 421 Colyton Street, Los Angeles, CA, 90013 (the “Colyton Building”), which
8 together are operated as an economic unit (the “Seaton/Colyton Buildings”) and are owned by Debtors
9 Seaton Investments, LLC, (“Seaton”) and Colyton Investments, LLC (“Colyton”), respectively; and
10 (2) the building at 737 S. Broadway, Los Angeles, CA, 90014 (the “Broadway Building”), owned by
11 Debtor Broadway. By an order of the Court entered on March 6, 2025, through a settlement with
12 secured lender KDM California LLC (“KDM”), the Seaton and Colyton bankruptcy cases were
13 dismissed.

14 **3. Current Status**

15 As of December 2024, Archway Broadway Loan SPE, LLC (“Archway”) was granted relief
16 from the automatic stay as to the Broadway Building, effective immediately for foreclosure noticing
17 purposes and effective April 11, 2025 for a foreclosure sale. The Debtors have intensely negotiated
18 with Archway through the year, culminating in an in-person settlement meeting on May 5, 2025. At
19 that meeting, the Debtors and Archway (together, the “Parties”) reached an agreement on material
20 terms for a “global” settlement (the “Settlement”) to resolve all disputes between the Parties and to
21 secure Archway’s support for a plan of reorganization. Since May 5, 2025, Archway has been drafting
22 more than twenty original documents to implement the terms of the Settlement. Those documents are
23 still in process but the Parties expect to file a supplement to this Motion prior to the hearing on this
24 Motion to present these settlement documents to the Court for approval.

25 **4. Broadway Background**

26 Broadway was formed in July 2013 for the purpose of acquiring, developing, and operating
27 the Broadway Building. Broadway’s membership consists of: (1) the Halevy Trust (Susan Halevy,
28

1 beneficial owner); (2) the G&H Trust (Alan Gomperts and Sharon Gomperts, beneficial owners of
2 community property); and (3) Daniel Halevy.

3 Broadway acquired the Broadway Building in 2013. The Broadway Building is an eight-story
4 structure. At the time it was acquired by Broadway, only the ground floor was habitable. Broadway
5 understands the seven higher floors have not been occupied since the 1950s. In 2015, Broadway
6 entered into a 15-year lease with The GAP for the ground floor of the Broadway Building and
7 developed a plan to remodel and modernize the entire Broadway Building to make every floor
8 habitable and available to lease to commercial tenants.

9 A majority of the intensive remodel and modernization of the Broadway Building took place
10 between 2015 and 2020. The improvements that were performed included the rehabilitation of the
11 façade of the first three floors of the Broadway Building per the guidance of the Cultural Heritage
12 Commission, installation of a fire and life safety system throughout the building, modernization of the
13 elevator, installation of an HVAC system, fire pump and sprinkler system, emergency backup
14 generator and replacement and installation of electric and plumbing systems throughout the building.
15 In March 2020, after first confirming the full term of its lease, The GAP exercised a one-time early
16 termination provision on its lease as the uncertainty of COVID began to take hold.

17 With an end to the remodel and modernization in sight, Broadway refinanced its outstanding
18 loans with a single loan from Archway in July 2021, in the original principal amount of \$16,942,500
19 (the “Broadway Loan”). The Broadway Loan was guaranteed by David Halevy, Daniel Halevy, and
20 Alan Gomperts.

21 The Broadway Loan matured on August 1, 2022. After Archway commenced an action for
22 breach against the guarantors and filed a notice of default to begin foreclosure on the Broadway
23 Building, the parties agreed to a restructure (the “Broadway Restructure”) that extended the maturity
24 date of the Broadway Loan to December 1, 2023, affirmed the balance due under the Broadway Loan
25 in the principal amount of \$15,241,093, and called for \$4 million in new loans (the “New Loans”)
26 from Archway to benefit the Broadway Loan and the Broadway Building. By way of three loan
27 agreements, the New Loans were made: (1) to Negev for \$1,300,000 (the “Negev Loan”); (2) to SLA
28 for \$125,000 (the “SLA Loan”); and (3) jointly to David Halevy, the Halevy Trust, Alan Gomperts,

1 the G&H Trust, and Daniel Halevy for \$2,575,000 (the “Guarantor Loan”). The Negev Loan was
2 secured by the real property located at 12800 Foxdale Drive, Desert Hot Springs, California, and was
3 guaranteed by David Halevy, with the guaranty secured by David Halevy’s membership interests in
4 Negev. The SLA Loan was secured by the real property located at 1040 S. Los Angeles Street and was
5 guaranteed by David Halevy, Susan Halevy, Alan Gomperts, and Daniel Halevy, with the guarantees
6 secured by the guarantors’ membership interests in SLA. The Guarantor Loans were secured by the
7 following real property: (1) 3538 Greenfield Avenue, Los Angeles, California (owned by the G&H
8 Trust); (2) 133 S. Palm Drive, Beverly Hills, California (owned by the Halevy Trust); and (3) 8561
9 Horner Street, Los Angeles, California (owned by Daniel Halevy). The \$4 million of proceeds from
10 the New Loans were distributed exclusively for the benefit of Archway and the Broadway Loan, with
11 \$1,701,407.01 applied to pay down the balance of the Broadway Loan.

12 As of the Petition Date, the outstanding debt owed to Archway is not less than \$15,663,398 on
13 the Broadway Loan, not less than \$1,336,020 on the Negev Loan, not less than \$128,958 on the SLA
14 Loan, and not less than \$2,646,348.96 on the Guarantor Loan.

15 **5. Negev Investments, LLC Background**

16 Negev owns a motel located at 12800 Foxdale Drive, Desert Hot Springs, CA (the “Motel”).
17 The Motel has 26-rooms with five natural spring water pools. It has been operated by Seapiper Inn,
18 Inc. (“Seapiper”) since 2014. Negev is owned by the Halevy Trust. Seapiper is not a debtor in these
19 proceedings. Negev became a borrower of Archway by the Broadway Restructure in 2023 as set forth
20 above. As of the Petition Date, the outstanding balance owed on the Negev Loan is not less than
21 \$1,336,020.

22 **6. SLA Investments, LLC Background**

23 SLA was formed in 2009 for the purpose of acquiring, developing, and operating commercial
24 real property located at 1040 South Los Angeles Street, Los Angeles, CA (“SLA Building”). As of the
25 Petition Date, 13 of 18 spaces are leased. SLA’s membership consists of: (1) the Halevy Trust; (2) the
26 G&H Trust; (3) Daniel Halevy; and (4) Simon Harkham. SLA became a borrower of Archway by the
27 Broadway Restructure in 2023 as set forth above. As of the Petition Date, the outstanding balance
28 owed on the SLA Loan is not less than \$128,958.

1 **7. The Individual Guarantors**

2 Susan Halevy (not directly but via her interest in the community property of David Halevy),
3 the Halevy Trust, Alan Gomperts, the G&H Trust, and Daniel Halevy are guarantors of the Archway
4 debt as follows:

5 • Broadway Loan in the principal amount of not less than \$15,241,093, jointly and
6 severally: the community assets and probate estate of David Halevy (deceased), Alan
7 Gomperts, and Daniel Halevy;

8 • Negev Loan in the principal amount of not less than \$1,300,000.00: Susan Halevy (not
9 directly but via her sole ownership of community property);

10 • SLA Loan in the principal amount of not less than \$125,000.00: David Halevy
11 (deceased), Susan Halevy, Alan Gomperts, and Daniel Halevy.

12 Susan Halevy (not directly but via her interest in the community property of David Halevy),
13 the Halevy Trust, Alan Gomperts, the G&H Trust, and Daniel Halevy are also jointly and severally
14 liable on the Guarantor Loan, which is in the principal amount of not less than \$2,575,000 as of the
15 Petition Date.

16 The Broadway and SLA properties are jointly managed by Daniel Halevy (daily property
17 management through Almighty Builders, Inc.) and Alan Gomperts (financial management).

18 **II. SUMMARY OF SETTLEMENT**

19 On May 5, 2025, the Parties met to finalize material terms of a global settlement. That meeting
20 was successful, and the Parties agreed to the material terms necessary to allow Archway to support a
21 proposed lease of the Broadway Building. The material terms of the Parties' settlement (subject to,
22 and as more specifically set forth within, the Settlement Documents) are as follows:

23 • Debt. Archway's debt is composed of (i) principal; (ii) contract interest through the
24 date of settlement; and (iii) fees, including attorneys' fees, and costs. Default
25 interest will be waived, subject to default provisions.

26 • Lease. Broadway enters lease (the "VBH Lease") with View Behavioral Health,
27 LLC ("VBH");

- 1 a. Rent Lock Box / DACA to collect rents with disbursements as agreed by
2 the Parties;
- 3 b. SNDA signed by Archway;
- 4 c. Jack Stephens provides “bad boy” guaranty;
- 5 • Interest. Interest at 7% with forbearance on accrual and payment until the VBH
6 Lease payments begin;
- 7 • Canon. Sue Halevy to market and sell the real property located at 341 S. Canon (the
8 “Canon Property”), and Archway to remove the *lis pendens* on the Canon property.
9 The sale proceeds from the sale of Canon shall be distributed to a reserve account
10 to be used for VBH Lease commitments, except for an agreed-upon carve-out
11 which shall be released to Sue Halevy for restructuring and/or living expenses for
12 herself and Daniel Halevy as she deems appropriate.
- 13 • Collateral.
 - 14 a. Archway maintains all existing liens on collateral, including real property:
15 Broadway Ave; S. Los Angeles Street; Foxdale Drive; Greenfield Ave;
16 Palm Drive; Horner Street.
 - 17 b. New collateral: Canfield (Alan Gomperts); Bagley (Alan Gomperts); 50%
18 interest in Roxbury (Sue Halevy).
- 19 • Tiered Foreclosure. In the event of a default, Archway may proceed to foreclose
20 against collateral in three tiers, without foreclosing from property in a successive
21 tier until first conducting non-judicial foreclosure auctions of all properties in the
22 prior tier:
 - 23 a. Tier 1: Broadway, S. Los Angeles, Foxdale/Negev
 - 24 b. Tier 2: Greenfield, Palm, Bagley, Canfield, Roxbury
 - 25 c. Tier 3: Horner

26 These material terms are not the exclusive terms of the Parties’ settlement, which will be set
27 forth in full in the Settlement Documents. The Settlement Documents are anticipated to include the
28 following documents (the “Settlement Documents”):

- Master Settlement Agreement;
- A-Note;
- B-Note;
- Memorandum of Modification, notarized for recording purposes;
- Alan/Sue Guaranty;
- Canfield Deed of Trust;
- Bagley Deed of Trust;
- Roxbury Deed of Trust;
- Roxbury Pledge;
- Roxbury UCC-1;
- Broadway/VBH Lease;
- SNDA;
- Bad Boy Guaranty;
- Rent Lock Box Account Agreement;
- Rent Lock Box Account Pledge Agreement;
- DACA;
- Canon Sale Listing Agreement;
- Canon Sale Proceeds Reserve Account Agreement;
- Canon Sale Proceeds Reserve Account Pledge Agreement;
- Canon Sale Proceeds Reserve Account DACA; and
- Stipulation for Entry of Judgment.

The Settlement Documents are not filed with this Motion as Archway is drafting the Settlement Documents and has not yet presented the drafts to the Debtors. Broadway expects to receive the Master Settlement Agreement on July 10 and the remainder of the Settlement Documents the week of July 14. Broadway expects the Settlement Documents can be negotiated and finalized prior to the scheduled August 19 hearing on this Motion and filed with the Court in a supplement declaration in support of the Motion. This Motion is presented now, due to the dual exigencies of demonstrating a viable

1 restructuring and commitment to settlement to the Court and also demonstrating the Parties'
2 commitment to VBH.

3 **III. THE SETTLEMENT IS IN THE BEST INTEREST OF THE ESTATES AND
4 SHOULD BE APPROVED UNDER THE STANDARD SET BY THE NINTH
5 CIRCUIT**

6 **A. Legal Standard**

7 Federal Rule of Bankruptcy Procedure 9019 provides that “[o]n motion by the trustee and after
8 notice and a hearing, the court may approve a compromise or settlement.” Fed. R. Bankr. P. 9019(a).
9 The Ninth Circuit has long recognized that “[t]he bankruptcy court has great latitude in approving
10 compromise agreements.” *Woodson v. Fireman’s Fund Ins. Co. (In re Woodson)*, 839 F.2d 610, 620
11 (9th Cir. 1988); *Goodwin v. Mickey Thompson Entm’t Grp., Inc. (In re Mickey Thompson Entm’t Grp.,*
12 *Inc.)*, 292 B.R. 415, 420 (9th Cir. BAP 2003).

13 The Court is not required to conduct an exhaustive investigation into the validity, nor a mini
14 trial on the merits of the claims sought to be compromised as a precondition to approving the
15 Agreement. *U.S. v. Alaska Nat’l Bank (In re Walsh Constr., Inc.)*, 669 F.2d 1325, 1328 (9th Cir. 1982).
16 The Court need only find that the settlement was negotiated in good faith and is reasonable, fair and
17 equitable. *Martin v. Kane (In re A & C Props.)*, 784 F.2d 1377, 1381 (9th Cir. 1986); *see also*
18 *Protective Committee of independent Stockholders of TMT Trailer Ferry, Inc. v. Anderson*, 390 U.S.
19 414, 424 (1968) (establishing “fair and equitable” standard for approval of compromises in
bankruptcy).

20 In evaluating the fairness of a proposed compromise, the Ninth Circuit has instructed courts to
21 consider four factors, namely: (a) the probability of success in the litigation; (b) the difficulties, if any,
22 to be encountered in the matter of collection; (c) the complexity of the litigation involved, and the
23 expense, inconvenience and delay necessarily attending it; and (d) the paramount interest of the
24 creditors and a proper deference to their reasonable views. *Woodson*, 839 F.2d at 620 (quoting *A & C*
25 *Props.*, 784 F.2d at 1381). Consideration of these factors does not require the Court to decide the
26 questions of law and fact raised in the controversies sought to be settled, or to determine whether the
27 settlement presented is the best one that could possibly have been achieved. Rather, the Court need
28 only canvass the issues to determine whether the settlement falls “below the lowest point in the zone

1 of reasonableness.” *Newman v. Stein*, 464 F.2d 689, 698 (2d Cir.), *cert. denied sub nom. Benson v.*
2 *Newman*, 409 U.S. 1039 (1972). Finally, although the Court should give deference to the reasonable
3 views of creditors, it is well established that compromises are favored in bankruptcy. *In re Lee Way*
4 *Holding Co.*, 120 B.R. 881, 891 (Bankr. S.D. Ohio 1990); *see also A & C Props.*, 784 F.2d at 1381
5 (“The law favors compromise and not litigation for its own sake.”); *Am. W. Airlines, Inc. v. City of*
6 *Phoenix (In re Am. W. Airlines, Inc.)*, 214 B.R. 382, 386 (Bankr. D. Ariz. 1997) (“The law favors
7 compromise.”).

8 **B. Argument**

9 Based on these principles and application of the *A & C Props.* factors, the Settlement should
10 be approved. It was negotiated in good faith and is reasonable, fair, equitable, and in the best interest
11 of creditors and the Debtors’ estates. If approved, the Settlement will resolve a multitude of complex
12 and uncertain litigation.

13 (i) Complexity of the Litigation Involved

14 As it applies to this compromise, the “litigation” at issue would be (i) state court litigation
15 concerning the David Halevy Estate; (ii) approval of the VBH Lease; and (iii) opposition to a plan of
16 reorganization. The litigation required absent the Settlement would be particularly complex.

17 There are two proceedings in state court: administration of the David Halevy Estate and an
18 action commenced by Archway following the dismissal of an action first brought in this Case
19 concerning the nature of the community assets of Sue and David Halevy, the Halevy Trust, and in
20 particular, the Canon Property. Sue Halevy contends the Canon Property is appropriately owned by
21 Canon LLC (wholly owned by Sue Halevy) or belongs in the bankruptcy estate of Sue Halevy directly.
22 Archway argues the Canon Property should be administered for its benefit in the probate estate of
23 David Halevy. Sue Halevy holds that Canon was transferred to Canon LLC pre-petition in exchange
24 for fair value (100% ownership of Canon LLC) and as such, she has the authority to dissolve Canon
25 LLC and absorb Canon directly into her bankruptcy estate should she choose to do so. Archway
26 contends that Canon was jointly owned by David and Sue Halevy, and as such it could not be owned
27 by Sue Halevy or Canon LLC until it is administered through David Halevy’s probate estate for the
28 benefit of his creditors (namely Archway). Archway is also pursuing causes of action for breach of

1 fiduciary duty and fraudulent intent to transfer, among others. Sue Halevy has yet to file counter claims
2 in but would challenge the right of Archway to enforce certain of its liens. This litigation will require
3 months of discovery and motion practice and involve complex issues of ownership and examination
4 of the history of the loans and transactions among the Parties.

5 Litigation over the approval of the VBH Lease will also be complex. As the Court has already
6 seen from earlier litigation involving Broadway's efforts to obtain lease approval, Archway has
7 employed a meticulous examination and attack on Broadway's lease proposals. Although Broadway
8 has negotiated a lease with VBH that does not involve all of the same issues Archway raised in
9 opposition to prior Broadway lease efforts, the litigation on a motion to approve the current proposed
10 tenant will not be routine. The Debtors are certain Archway's opposition to the current proposed tenant
11 and lease will require numerous depositions and an evidentiary hearing with reems of documents and
12 expert testimony.

13 Whether the VBH Lease precedes confirmation of a plan or is part of a plan, confirmation
14 litigation is also expected to be laborious in both the discovery that will be required in advance of
15 confirmation and the confirmation hearing itself. The Parties can be expected to litigate over the value
16 of every component of Archway's collateral – which also relates to the Canon Action, the degree to
17 which Archway is under or over secured as applied across the Debtors' estates, the amount of post-
18 petition interest and attorneys' fees Archway is entitled to, if any, and the feasibility of the plan, among
19 other issues.

20 The complexity of litigation factor weighs heavily in favor of approval of the Settlement.

21 (ii) Probability of Success in Litigation

22 The state court litigation is currently stayed informally while the Parties have been negotiating
23 this Settlement. But should this Settlement fall through or not be approved by the Court, the hold on
24 the State Court litigation will dissolve and the Canon litigation will expand. How this litigation might
25 resolve is entirely uncertain. Although the Debtors believe they are more likely to prevail, Archway
26 similarly favors its prospects of success. As such, a neutral assessment of the litigation – as it currently
27 stands – would likely conclude all matters in dispute cannot be assessed other than as 50/50
28 propositions. Considering the uncertainty of outcome of all of the litigation at hand and yet to come,

1 resolving all of these matters to avoid the risk of success or failure weighs heavily in favor of approval
2 of the Settlement.

3 (iii) Difficulties in the Matter of Collection

4 Other than unarticulated claims the Debtors may hold against Archway, there are no issues for
5 collection that bear weight in approval of the Settlement. This factor is neutral.

6 (iv) Paramount Interest of the Creditors

7 The Settlement is the gateway to a plan that can maximize return to creditors. Without the
8 Settlement, the results for creditors could be devastating. The Debtors anticipate many months of
9 intense litigation over the VBH Lease, confirmation of a joint plan, and the state court litigation. The
10 state court litigation would likely be pending for one to two years. The cost of attorneys' fees on both
11 sides would be astronomical. Broadway's efforts to delay foreclosure could fail and Archway could
12 foreclose on the Broadway Building. This would wipe out value for all of the Debtors' creditors. In a
13 foreclosure, the Broadway Building likely sells for a credit bid that will leave well over \$10 million
14 in deficiency claims that would then consume the collateral pledged by the other Debtors and
15 overwhelm the pool of unsecured claims. With the value created by the Settlement for the Broadway
16 Building, the Broadway Building and Archway's other collateral can continue to generate income for
17 the Debtors' estates and fund plan payments on a joint plan that can be confirmed in the coming
18 months.

19 **VI. CONCLUSION**

20 The Debtors' Cases have been long and difficult. If this Settlement proposed by this Motion is
21 approved, creditor recovery will be maximized and Broadway has an opportunity to capture equity.
22 The Debtors', with the support of Archway, ask the Court to approve the Settlement, authorize the
23 Debtors to enter into the Settlement Documents, and set these Cases on a path to confirmation.

24 Dated: July 10, 2025

WEINTRAUB ZOLKIN TALERICO & SELTH LLP

25

26 By: /s/ Derrick Talerico

Derrick Talerico

27 Attorneys for Debtors Broadway Avenue Investments, LLC,
SLA Investments, LLC, and Negev Investments, LLC

28

-and-

1
2 SAUL EWING LLP
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4 By: 
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Zev Shechtman

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Attorneys for Debtors Alan Gomperts, Daniel Halevy, and
Susan Halevy

DECLARATION OF ALAN D. GOMPERTS

I, Alan D. Gomperts, hereby declare as follows:

1. I am the managing member of Seaton Investments, LLC. I am a manager of Broadway Avenue Investments, LLC and SLA Investments, LLC. I am an authorized representative of Colyton Investments, LLC, and Negev Investments, LLC.

2. I make this declaration in support of the Debtors' *Motion to Approve Settlement Agreement with Archway Broadway Loan SPE, LLC Under Rule 9019 of the Federal Rules of Bankruptcy Procedure* (the "Motion"). Terms not defined herein shall have the same meanings ascribed to them in the Motion.

3. On May 5, 2025, the Parties met to finalize material terms of a global settlement. That meeting was successful, and the Parties agreed to the material terms necessary to allow Archway to support a proposed lease at of the Broadway Building. The material terms of the Parties' settlement (subject to, and as more specifically set forth within, the Settlement Documents) are as follows:

- Debt. Archway's debt is composed of (i) principal; (ii) contract interest through the date of settlement; and (iii) fees, including attorneys' fees, and costs. Default interest will be waived, subject to default provisions.
- Lease. Broadway enters lease (the "VBH Lease") with View Behavioral Health, LLC ("VBH");
 - a. Rent Lock Box / DACA to collect rents with disbursements as agreed by the Parties;
 - b. SNDA signed by Archway;
 - c. Jack Stephens provides "bad boy" guaranty;
- Interest. Interest at 7% with forbearance on accrual and payment until the VBH Lease payments begin;
- Canon. Sue Halevy to market and sell Canon Property, and Archway to remove the *lis pendens* on the Canon property. The sale proceeds from the sale of Canon shall be distributed to a reserve account to be used for VBH Lease commitments, except for an

1 agreed-upon carve-out which shall be released to Sue Halevy for restructuring and/or
2 living expenses for herself and Daniel Halevy as she deems appropriate.

3 • Collateral.

4 a. Archway maintains all existing liens on collateral, including real property:
5 Broadway Ave; S. Los Angeles Street; Foxdale Drive; Greenfield Ave; Palm
6 Drive; Horner Street.

7 b. New collateral: Canfield (Alan Gomperts); Bagley (Alan Gomperts); 50%
8 interest in Roxbury (Sue Halevy).

9 • Tiered Foreclosure. In the event of a default, Archway may proceed to foreclose against
10 collateral in three tiers, without foreclosing from property in a successive tier until first
11 conducting non-judicial foreclosure auctions of all properties in the prior tier:

12 a. Tier 1: Broadway, S. Los Angeles, Foxdale/Negev

13 b. Tier 2: Greenfield, Palm, Bagley, Canfield, Roxbury

14 c. Tier 3: Horner

15 4. These material terms are not the exclusive terms of the Parties' settlement, which will
16 be set forth in full in the Settlement Documents. The Settlement Documents are anticipated to include
17 the following documents (the "Settlement Documents"):

18 • Master Settlement Agreement;
19 • A-Note;
20 • B-Note;
21 • Memorandum of Modification, notarized for recording purposes;
22 • Alan/Sue Guaranty;
23 • Canfield Deed of Trust;
24 • Bagley Deed of Trust;
25 • Roxbury Deed of Trust;
26 • Roxbury Pledge;
27 • Roxbury UCC-1;
28 • Broadway/VBH Lease;

- 1 • SNDA;
- 2 • Bad Boy Guaranty;
- 3 • Rent Lock Box Account Agreement;
- 4 • Rent Lock Box Account Pledge Agreement;
- 5 • DACA;
- 6 • Canon Sale Listing Agreement;
- 7 • Canon Sale Proceeds Reserve Account Agreement;
- 8 • Canon Sale Proceeds Reserve Account Pledge Agreement;
- 9 • Canon Sale Proceeds Reserve Account DACA; and
- 10 • Stipulation for Entry of Judgment.

11 5. Debtors and Archway toiled in good faith over many months through counsel and at
12 times directly to negotiate every aspect of the settlement. The settlement is a hard-earned compromise
13 that is reasonable, fair, equitable, and in the best interest of creditors and the Debtors' estates. The
14 alternative to the If approved, the Settlement will resolve a multitude of complex and uncertain
15 litigation.

16
17 I declare under penalty of perjury under the laws of the United States of America that the
18 foregoing is true and correct.

19 Executed on this 10th day of July, 2025, at Los Angeles, California.

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23 ALAN GOMPERTS
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DECLARATION OF DERRICK TALERICO

I, Derrick Talerico, hereby declare as follows:

1. I am an attorney duly admitted to practice law in the state of California and am admitted *inter alia* to the United States District Court for the Central District of California, and therefore to practice in the United States Bankruptcy Court for the Central District of California. I have personal knowledge of the facts stated herein and knowledge based on business records of my law practice and of my law firm Weintraub Zolkin Talerico & Selth LLP (the "Firm").

2. I am the general bankruptcy counsel for Broadway Avenue Investments, LLC (“Broadway”), SLA Investments, LLC (“SLA”), and Negev Investments, LLC (“Negev;” and, collectively with Broadway, and SLA, the “Corporate Debtors”), the above-captioned corporate chapter 11 debtors and debtors-in-possession.

3. I make this declaration in support of the Debtors' *Motion to Approve Settlement Agreement with Archway Broadway Loan SPE, LLC Under Rule 9019 of the Federal Rules of Bankruptcy Procedure* (the "Motion"). Terms not defined herein shall have the same meanings ascribed to them in the Motion.

4. The Settlement Documents are not filed with this Motion as Archway is drafting the Settlement Documents and has not yet presented the drafts to the Debtors. Broadway expects to receive the Master Settlement Agreement on July 10 and the remainder of the Settlement Documents the week of July 14. Broadway expects the Settlement Documents can be negotiated and finalized prior to the scheduled August 19 hearing on this Motion and filed with the Court in a supplement declaration in support of the Motion. This Motion is presented now, due to the dual exigencies of demonstrating a viable restructuring and commitment to settlement to the Court and also demonstrating the Parties' commitment to VBH.

5. As it applies to this compromise, the “litigation” at issue would be (i) state court litigation concerning the David Halevy Estate; (ii) approval of the VBH Lease; and (iii) opposition to a plan of reorganization. The litigation required absent the Settlement would be particularly complex.

6. There are two proceedings in state court: administration of the David Halevy Estate and an action commenced by Archway following the dismissal of an action first brought in this Case

1 concerning the nature of the community assets of Sue and David Halevy, the Halevy Trust, and in
2 particular, the Canon Property. Sue Halevy contends the Canon Property is appropriately owned by
3 Canon LLC (wholly owned by Sue Halevy) or belongs in the bankruptcy estate of Sue Halevy directly.
4 Archway argues the Canon Property should be administered for its benefit in the probate estate of
5 David Halevy. Sue Halevy holds that Canon was transferred to Canon LLC pre-petition in exchange
6 for fair value (100% ownership of Canon LLC) and as such, she has the authority to dissolve Canon
7 LLC and absorb Canon directly into her bankruptcy estate should she choose to do so. Archway
8 contends that Canon was jointly owned by David and Sue Halevy, and as such it could not be owned
9 by Sue Halevy or Canon LLC until it is administered through David Halevy's probate estate for the
10 benefit of his creditors (namely Archway). Archway is also pursuing causes of action for breach of
11 fiduciary duty and fraudulent intent to transfer, among others. Sue Halevy has yet to file counter claims
12 in but would challenge the right of Archway to enforce certain of its liens. This litigation will require
13 months of discovery and motion practice and involve complex issues of ownership and examination
14 of the history of the loans and transactions among the Parties.

15 7. Litigation over the approval of the VBH Lease will also be complex. As the Court has
16 already seen from earlier litigation involving Broadway's efforts to obtain lease approval, Archway
17 has employed a meticulous examination and attack on Broadway's lease proposals. Although
18 Broadway has negotiated a lease with VBH that does not involve all of the same issues Archway raised
19 in opposition to prior Broadway lease efforts, the litigation on a motion to approve the current
20 proposed tenant will not be routine. The Debtors are certain Archway's opposition to the current
21 proposed tenant and lease will require numerous depositions and an evidentiary hearing with reems of
22 documents and expert testimony.

23 8. Whether the VBH Lease precedes confirmation of a plan or is part of a plan,
24 confirmation litigation is also expected to be laborious in both the discovery that will be required in
25 advance of confirmation and the confirmation hearing itself. The Parties can be expected to litigate
26 over the value of every component of Archway's collateral – which also relates to the Canon Action,
27 the degree to which Archway is under or over secured as applied across the Debtors' estates, the
28

1 amount of post-petition interest and attorneys' fees Archway is entitled to, if any, and the feasibility
2 of the plan, among other issues.

3 9. The state court litigation is currently stayed informally while the Parties have been
4 negotiating this Settlement. But should this Settlement fall through or not be approved by the Court,
5 the hold on the State Court litigation will dissolve and the Canon litigation will expand. How this
6 litigation might resolve is entirely uncertain. Although the Debtors believe they are more likely to
7 prevail, Archway similarly favors its prospects of success. As such, a neutral assessment of the
8 litigation – as it currently stands – would likely conclude all matters in dispute cannot be assessed
9 other than as 50/50 propositions. Considering the uncertainty of outcome of all of the litigation at hand
10 and yet to come, resolving all of these matters to avoid the risk of success or failure weighs heavily in
11 favor of approval of the Settlement.

12 10. The Settlement is the gateway to a plan that can maximize return to creditors. Without
13 the Settlement, the results for creditors could be devastating. The Debtors anticipate many months of
14 intense litigation over the VBH Lease, confirmation of a joint plan, and the state court litigation. The
15 state court litigation would likely be pending for one to two years. The cost of attorneys' fees on both
16 sides would be astronomical. Broadway's efforts to delay foreclosure could fail and Archway could
17 foreclose on the Broadway Building. This would wipe out value for all of the Debtors' creditors. In a
18 foreclosure, the Broadway Building likely sells for a credit bid that will leave well over \$10 million
19 in deficiency claims that would then consume the collateral pledged by the other Debtors and
20 overwhelm the pool of unsecured claims. With the value created by the Settlement for the Broadway
21 Building, the Broadway Building and Archway's other collateral can continue to generate income for
22 the Debtors' estates and fund plan payments on a joint plan that can be confirmed in the coming
23 months.

24 I declare under penalty of perjury under the laws of the United States of America that the
25 foregoing is true and correct.

26 | Executed on this 10th day of July, 2025, at Los Angeles, California.


DERRICK TALERICO

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
11766 Wilshire Blvd, Suite 730, Los Angeles, CA 90025

A true and correct copy of the foregoing document entitled (specify): Declaration of Auriel Streit in Support of Debtors **Motion to Approve Settlement Agreement with Archway Broadway Loan SPE, LLC Under Rule 9019 of the Federal Rules of Bankruptcy Procedure; Declarations of Alan D. Gomperts and Derrick Talerico in Support Thereof** will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On (date) July 10, 2025, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

See attached NEF Service List

☒ Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On (date) _____, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on (date) July 10, 2025, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

The Honorable Vincent Zurzolo
United States Bankruptcy Court
255 E Temple St Suite 1360
Los Angeles, CA 90012
(via Priority Mail)

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

July 10, 2025 Martha E. Araki
Date *Printed Name*

/s/ Martha E. Araki
Signature

Seaton Investments, LLC – Jointly Administered

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

- Attorneys for Corporate Debtors Seaton Investment, LLC, Colyton Investments, LLC, Broadway Avenue Investments, LLC, Negev Investments, LLC, SLA Investments, LCC: **Derrick Talerico:** dtalerico@wztslaw.com; maraki@wztslaw.com; sfritz@wztslaw.com; admin@wztslaw.com
- Attorneys for Individual Debtors Alan Gomperts, Daniel Haley, Susan Haley: **Zev Shechtman, Carol Chow, Turner Falk, Ryan Coy:** zev.shechtman@saul.com; zshechtman@ecf.inforuptcy.com; carol.chow@saul.com; easter.santamaria@saul.com; turner.falk@saul.com; ryan.coy@saul.com
- Attorneys for Creditor First Foundation Bank: **Scott R Albrecht:** scott.albrecht@sgsattorneys.com; jackie.nguyen@sgsattorneys.com
- Attorneys for Creditor Korth Direct Mortgage, Inc.: **Garrison Vanderfin, Tanya Behnam:** gvanderfin@polsinelli.com, tbehnam@polsinelli.com; tanyabehnam@gmail.com; ladocketing@polsinelli.com; zyoung@polsinelli.com; ccripe@polsinelli.com;
- Attorneys for Creditor Los Angeles County Treasurer and Tax Collector: **Jacquelyn H Choi:** jacquelyn.choi@rimonlaw.com; docketingsupport@rimonlaw.com
- Attorneys for Creditor United States of America on behalf of the Internal Revenue Service: **Robert F Conte:** robert.conte@usdoj.gov; caseview.ecf@usdoj.gov; usacac.tax@usdoj.gov
- Courtesy NEF/Interested Party: **Christopher Cramer:** secured@becket-lee.com
- Attorneys for Creditor Harvest Small Business Finance, LLC: **Christopher Crowell:** ccrowell@hrhllaw.com
- Attorneys for Creditors Archway Real Estate Income Fund I SPE I, LLC, Archway Broadway Loan SPE, LLC, fka Archway Real Estate Income Fund I REIT, LLC, Archway Real Estate Income Fund, and Plaintiff Archway Broadway Loan SPE, LLC: **Michael G. Fletcher, Bruce D. Poltrack, Paige Selina Poupart, Gerrick Warrington:** mfletcher@frandzel.com; ppoupart@frandzel.com; gwarrington@frandzel.com; bpoltrock@frandzel.com; sking@frandzel.com; achase@frandzel.com
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- Courtesy NEF/Interested Party Avi Muhtar: **Avi Edward Muhtar:** amuhtar@crownandstonelaw.com
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- Attorneys for Creditor Wells Fargo Bank, N.A.: **Jennifer C Wong:** bknotice@mccartyholthus.com; jwong@ecf.courtdrive.com
- US Trustee's Office: ustpreigion16.la.ecf@usdoj.gov; **Kelly L. Morrison:** Kelly.l.morrison@usdoj.gov